

DRUG DISCOUNT CARDS FAIL TO SIGNIFICANTLY LOWER PRICES DEMOCRATS FIGHT FOR REIMPORTATION AND LOWER PRICES

The new Republican drug law allows seniors to purchase a temporary “drug discount” card. Like the new prescription drug benefit, the big drug and insurance companies are in charge of this discount card and determine what drugs seniors and people with disabilities save on and how much they pay – not Medicare. The new card limits choices for seniors by forcing them to choose only one card, locking them in for a year, even when big drug companies can change the drugs they offer discounts on weekly. Democrats are fighting for common sense measures like allowing the government to negotiate drug discounts and allowing seniors and people with disabilities to import safe drugs from Canada, which would result in real savings for seniors and lower drug prices nationwide.

No guaranteed discount on prescriptions. Cards are expected to offer discounts, but there is no requirement for a minimum discount offered to enrollees. The 10 percent to 25 percent savings touted by HHS is merely a suggestion. There is nothing in the law or regulations that would guarantee seniors get such savings on even one of their medications. Drug companies also significantly increased their prices prior to the implementation of the law so that the discounts offered don’t cut into their bottom line.

Drug companies determine what drugs have discounts, and how much seniors pay. The companies offering the cards determine the size of the discounts and which drugs are available at reduced prices. And because there is nothing in the law that requires the insurance companies and pharmacy benefit managers to specify the prices before the discount is applied, the drug companies can mark up prices, offer a slight reduction, and protect their profits.

New card limits seniors’ choices. The private companies can change the drugs they cover and the discounts they have promised weekly, but seniors and people with disabilities will only be allowed to sign up for one card. When they do, they will be locked into that card for one year. This prohibits them from maximizing savings through multiple cards or from changing cards during the year to follow the lowest prices for their drugs. Beneficiaries who sign up for a card because it discounts the medication their doctor has prescribed will be left with no recourse if the card suddenly changes the discount or drops the drug.

Drug discount cards are already available to seniors, and they fail to provide significant savings. Most Medicare beneficiaries without drug coverage have access to existing drug cards. They can have as many as they want, so they can benefit from as many discounts as possible. In addition, a GAO analysis of existing discounts cards found that prescription cards provide a discount of only about 10 percent. Seniors and people with disabilities can often find similar savings without a discount card by comparison shopping at local pharmacies or through other sources like internet pharmacies.

Democrats are fighting to lower drug costs in a straightforward way. The U.S. provided the world’s drug makers with roughly one-half of their world-wide revenue in 2002. Democrats have been fighting for a real reimportation bill for years, which would lower prices for brand name drugs by as much as 40 percent. This year alone, experts at Boston University estimate that Americans would save \$59.7 billion by paying Canadian prices for brand name drugs.

Passage of a real reimportation bill has been stalled by Republicans. Republicans continue to stall a real reimportation bill, promoting the false promise of their new prescription drug discount cards as a substitute. As long as pharmaceutical companies make record profits their number one priority, Democrats will continue to fight for a real reimportation bill that lowers drug prices for everyone.